

BEFORE THE IDAHO BOARD OF TAX APPEALS

GREGORY SHERWOOD,)	
)	
Appellant,)	APPEAL NO. 23-A-1137
)	
v.)	FINAL DECISION AND ORDER
)	
BONNER COUNTY,)	
)	
Respondent.)	
)	
_____)	

RESIDENTIAL PROPERTY APPEAL

This appeal is taken from a decision of the Bonner County Board of Equalization denying an appeal of the valuation for taxing purposes on property described by Parcel No. RPS0492005011A. The appeal concerns the 2023 tax year.

This matter came on for hearing October 4, 2023, in Sandpoint, Idaho, before Board Member Kenneth Nuhn. Appellant Gregory Sherwood was self-represented. Bonner County Assessor Dennis Engelhardt represented Respondent.

Board Members Leland Heinrich, Kenneth Nuhn, and Doug Wallis join in issuing this decision.

The issue on appeal concerns the market value of an improved residential property.

The decision of the Bonner County Board of Equalization is affirmed.

FINDINGS OF FACT

The assessed land value is \$240,233, and the improvements' value is \$527,942, totaling \$768,175. Appellant contends the correct land value is \$167,815, and the improvements' value is \$479,739, totaling \$647,554.

The subject property is a .15 acre parcel in Sandpoint, Idaho, improved with a 3,158 square foot residence of good quality and condition. The residence was built in 1915 and has an effective year of 1975.

Appellant's primary concern was that Respondent utilized comparable sales when setting subject's value, not comparable assessments, stating that the use of sale prices inflates assessments. Appellant argued sale prices in the county are higher than the corresponding assessed values. In support of this statement, Appellant provided the assessed values of the three (3) sale properties Respondent presented at the Board of Equalization (BOE) hearing. It was not clear in the record whether the assessed values were from 2022 or 2023, but the sale prices were from 2022. Sale No. 1 sold for \$619,000; Appellant shared the assessment was \$534,353. Sale No. 2 sold for \$815,500 but was assessed at \$738,423. However, Sale No. 3 sold for \$425,000 but was assessed at \$439,466. Appellant shared additional concern that Sale No. 2 was closer to the lake but had a lower land assessment compared to subject.

To remedy the perceived discrepancy, Appellant suggested subject's value should be lowered to roughly 89.3% of its market value, which Appellant calculated as the average assessed valuation compared to sale prices. Appellant calculated this number using sixteen (16) sales Respondent provided at the BOE hearing. Appellant also offered a 90.5% figure, which was the median ratio.

Appellant next asserted Idaho law does not specify assessments are to be established as of a certain date. Appellant did not share any prices or other figures but stated "entry" and "exit" sale prices for 2022 on Redfin were "relatively unchanged" when considering median sale prices and price per square foot.

Appellant also contended Respondent used the wrong square footage figure when setting subject's assessment. Appellant did not contend the 3,158 square foot figure was incorrect, but claimed there was roughly 784 unfinished and uninhabitable space between a basement and a studio space. Therefore, Appellant argued, subject only has 2,374 finished square feet. Respondent shared the property record shows the residence has 2,766 square feet of finished living space.

Respondent provided information on three (3) sales to support subject's assessment. Each sale price was adjusted for differences in property characteristics between the sale property and subject, which included adjustments for lot size, grade, condition, effective year, gross living area, and other improvements.

Sale No. 1 regarded a property .13 miles from subject which was 6,970 square feet and improved with a 2,230 square foot residence with an effective year of 2002. The property sold in September 2022 for \$619,000. After net adjustments totaling 23%, Respondent calculated an adjusted price of \$761,953.

Sale No. 2 was .21 miles from subject and was a 5,968 square foot parcel improved with a 3,255 square foot residence with an effective year of 1990. The property sold in March 2022 for \$815,500. Respondent calculated an adjusted price of \$794,166, which reflected net adjustments of 3%. Respondent stated this property was most similar to subject.

Sale No. 3 was .25 miles from subject, was a 6,186 square foot parcel, and was improved with a 1,531 square foot residence with an effective year of 1960. The property sold in January 2022 for \$425,000. The net adjustments totaled 71%, with Respondent calculating an adjusted price of \$726,685.

In comparison, subject is a 6,578 square foot parcel improved with a 3,158 square foot residence with an effective year of 1975. The 2023 assessment totaled \$768,175. Where the indicated values in the sales comparison analysis ranged from \$726,685 to \$794,166, which bracket subject's assessed value, Respondent characterized the assessment as fair and equitable and asked that it be upheld.

CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value in fee simple interest or, as applicable, exempt status. This Board, giving full opportunity for all arguments and having considered all the testimony and documentary evidence, hereby enters the following.

Idaho Code § 63-205 requires taxable property be assessed at market value annually on January 1; January 1, 2023, in this case. Market value is always estimated as of a precise point in time. Market value is defined in Idaho Code § 63-201, as,

“Market value” means the amount of United States dollars or equivalent for which, in all probability, a property would exchange hands between a willing seller, under no compulsion to sell, and an informed, capable buyer, with a reasonable time allowed to consummate the sale, substantiated by a reasonable down or full cash payment.

Market value is estimated according to recognized appraisal methods and techniques. There are three (3) approaches to value: the sales comparison approach, the cost approach, and the income approach. The sales comparison approach is commonly used in the valuation of a residential property. In general terms, the approach examines recent sales of similar property and considers differences in the property characteristics between subject and the sale properties.

Appellant did not follow a traditional approach to value to support a reduction in subject's assessment. Appellant claimed subject was being over-assessed because Respondent utilized the sales comparison approach. According to Appellant, utilizing sales to set subject's market value assessment inflated the valuation because many properties in the county are assessed below their sale price. In short, Appellant's argument is because other properties appear to be under-assessed, subject should be under-assessed as well.

The Board had many concerns with Appellant's argument. First, Appellant did not indicate what year the shared assessments were from. The Board's primary concern was that, despite Appellant's protests, a comparison of assessed values is not a recognized appraisal approach which would lead to an accurate estimation of current market value—and market value is the standard at which property in Idaho must be assessed at. See Idaho Code § 63-205. Appellant's argument that sale prices are used to inflate assessed values was also demonstrated to be not fully accurate considering the data Appellant provided, as one (1) of the sale prices was less than the assessed value. The fact that sale prices and assessed values do not perfectly match is not evidence subject is incorrectly assessed.

The Board was similarly unpersuaded by Appellant's other arguments. Appellant's assertion that Idaho statute does not specify a valuation date is particularly incorrect. Idaho Code § 63-205 states in pertinent part, "[a]ll real, personal and operating property subject to property taxation must be assessed annually at market value for assessment purposes as of 12:01 a.m. of the first day of January in the year in which such property taxes are levied" (emphasis added). Appellant also offered no sales prices from Redfin,

just a general statement that prices were “relatively unchanged” throughout 2022. With no actual data offered, the Board had no reason, or means, to consider this evidence.

Respondent supplied the only market information in the record. The Board was concerned Sale No. 3 had a 71% adjustment rate, which high rate suggests dissimilarity between subject and the sale property. Sale Nos. 1 and 2, though, had adjustment rates which better demonstrated similarity, of 23% and 3%, respectively. Where subject’s assessment of \$768,175 closely aligns with Sale Nos. 1 and 2 adjusted prices of \$761,953 and \$794,166, the Board finds subject’s value reasonable.

In accordance with Idaho Code § 63-511, the burden is with Appellant to establish subject’s valuation is erroneous by a preponderance of the evidence. The burden of proof was not met in this instance. Appellant offered no market evidence, and Respondent’s sales demonstrated subject’s value is in line with the market. The Board will uphold the decision of the Bonner County Board of Equalization.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Bonner County Board of Equalization concerning the subject parcel be, and the same hereby is, AFFIRMED.

DATED this 15th day of December, 2023.